



**OFFICE OF AUDITOR OF STATE**  
**STATE OF IOWA**

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David A. Vaudt, CPA  
Auditor of State

**NEWS RELEASE**

FOR RELEASE

May 19, 2011

Contact: Andy Nielsen  
515/281-5834

Auditor of State David A. Vaudt today released an audit report on the Central Iowa Juvenile Detention Center in Eldora, Iowa.

The Center had total receipts of \$4,926,781 for the year ended June 30, 2010, a 48 percent increase from the prior year. The receipts included \$1,883,000 in bank loan and line of credit proceeds, \$704,249 in tracking, monitoring and outreach service fees and \$1,273,721 in state program receipts.

Disbursements totaled \$4,918,781 for the year ended June 30, 2010, a 49.6 percent increase from the prior year, and included \$1,309,621 for salaries and \$2,635,728 for debt principal and interest payments.

The significant increase in receipts and disbursements is due to loan proceeds received and payments for debt service in fiscal year 2010.

A copy of the audit report is available for review in the Central Iowa Juvenile Detention Center's office, in the Office of Auditor of State and on the Auditor of State's web site at <http://auditor.iowa.gov/reports/1014-2341-B00F.pdf>.

# # #



**CENTRAL IOWA JUVENILE DETENTION CENTER**

**INDEPENDENT AUDITOR'S REPORTS  
FINANCIAL STATEMENT AND  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF FINDINGS**

**JUNE 30, 2010**

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## Central Iowa Juvenile Detention Center

### Officials

<u>Name</u>	<u>Title</u>	<u>Representing</u>
Dean G. Hoag Sr.	Chair	Calhoun County
Morton Christianson	1 <sup>st</sup> Vice-Chair	Humboldt County
Eugene Elsbecker	2 <sup>nd</sup> Vice-Chair	Kossuth County
Mike O'Brien	Member	Boone County
Paul Merten	Member	Buena Vista County
Arlin Enabnit	Member	Floyd County
Jerry Plagge	Member	Franklin County
John Muir	Member	Greene County
Wesley Sweedler	Member	Hamilton County
Ted Hall	Member	Hancock County
Erv Miller	Member	Hardin County
Bill Keegan	Member	Iowa County
Dennis Stevenson	Member	Jasper County
Pat Brooks	Member	Marshall County
Jerry Hofstad	Member	Palo Alto County
Ellie Snook	Member	Poweshiek County
Wayne Clinton	Member	Story County
Larry Vest	Member	Tama County
Phil Condon	Member	Webster County
Warren Wubben	Member	Winnebago County
Lucas Beenken	Member	Wright County
Tony Reed	Director	

**Central Iowa Juvenile Detention Center**



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Independent Auditor's Report

To the Members of the  
Central Iowa Juvenile Detention Center:

We have audited the accompanying financial statement of the Central Iowa Juvenile Detention Center as of and for the year ended June 30, 2010. This financial statement is the responsibility of the Center's management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinion.

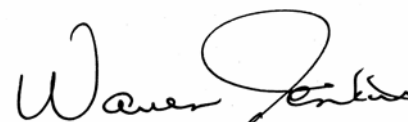
As described in Note 1, this financial statement is prepared on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the cash basis financial position of the Central Iowa Juvenile Detention Center at June 30, 2010, and the changes in its cash basis financial position for the year then ended in conformity with the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued our report dated May 9, 2011 on our consideration of the Central Iowa Juvenile Detention Center's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Management's Discussion and Analysis on pages 7 through 9 is not a required part of the financial statement, but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

  
DAVID A. VAUDT, CPA  
Auditor of State

  
WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

May 9, 2011

**Central Iowa Juvenile Detention Center**



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## MANAGEMENT'S DISCUSSION AND ANALYSIS

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The Central Iowa Juvenile Detention Center provides this Management's Discussion and Analysis of its financial statement. This narrative overview and analysis of the financial activities of the Central Iowa Juvenile Detention Center is for the fiscal year ended June 30, 2010. We encourage readers to consider this information in conjunction with the Center's financial statement, which follows.

### 2010 FINANCIAL HIGHLIGHTS

- ◆ Operating receipts increased 25%, or \$616,713, from fiscal year 2009 to fiscal year 2010 due to increased programming for a larger area.
- ◆ Operating disbursements increased .3%, or \$5,789, from fiscal year 2009 to fiscal year 2010 due to increased programming costs.
- ◆ Cash basis net assets increased 4%, or \$8,000, from June 30, 2009 to June 30, 2010 due to a combination of changes. Bank loans and revenue note proceeds increased significantly from the prior year and were more than offset by an increase in debt service costs from the prior year.

### USING THIS ANNUAL REPORT

The Center has elected to present its financial statement on the cash basis of accounting. The cash basis of accounting is a basis of accounting other than U.S. generally accepted accounting principles. Basis of accounting refers to when financial events are recorded, such as the timing for recognizing revenues, expenses and the related assets and liabilities. Under the cash basis of accounting, revenues and expenses and the related assets and liabilities are recorded when they result from cash transactions.

As a result of the use of the cash basis of accounting, certain assets and their related revenues and liabilities and their related expenses are not recorded in this financial statement. Therefore, when reviewing the financial information and discussion within this annual report, readers should keep in mind the limitations resulting from the use of the cash basis of accounting.

The annual report is presented in a format consistent with the presentation of Governmental Accounting Standards Board (GASB) Statement No. 34, as applicable to the cash basis of accounting.

This discussion and analysis are intended to serve as an introduction to the financial statement. The annual report consists of the financial statement and other information, as follows:

- Management's Discussion and Analysis introduces the financial statement and provides an analytical overview of the Center's financial activities.
- The Statement of Cash Receipts, Disbursements and Changes in Cash Basis Net Assets presents information on the Center's operating receipts and disbursements, non-operating receipts and disbursements and whether the Center's financial position has improved or deteriorated as a result of the year's activities.
- Notes to Financial Statement provide additional information essential to a full understanding of the data provided in the financial statement.

## FINANCIAL ANALYSIS OF THE CENTER

### *Statement of Cash Receipts, Disbursements and Changes in Cash Basis Net Assets*

The purpose of the statement is to present the receipts received by the Center and the disbursements paid by the Center, both operating and non-operating. The statement also presents a fiscal snapshot of the cash balance at year end. Over time, readers of the financial statement are able to determine the Center's cash basis financial position by analyzing the increase and decrease in cash basis net assets.

Operating receipts are received for fees for detention care, tracking services, drug testing services, transport services, state programs, group services and fiscal agent services. Operating disbursements are disbursements paid to operate the Center. Non-operating receipts and disbursements are for interest on investments, capital projects activity, debt service and contract deposits paid and refunded. A summary of cash receipts, disbursements and changes in cash basis net assets for the years ended June 30, 2010 and June 30, 2009 are presented below:

Changes in Cash Basis Net Assets		
	Year ended June 30,	
	2010	2009
Operating receipts:		
Detention care fees	\$ 225,428	368,138
Tracking service fees	704,249	958,188
Drug testing	-	150,746
State programs	1,273,721	522,973
Transport service fees	213,208	241,228
Group services	-	4,057
Fiscal agent services	-	171,848
Other community based services	491,632	-
Miscellaneous	135,401	9,748
Total operating receipts	3,043,639	2,426,926
Operating disbursements:		
Salaries	1,309,621	1,271,872
Employee benefits	327,215	298,571
Travel	115,138	197,825
Resident meals	29,516	31,382
Utilities	58,881	60,421
Support services	-	5,963
Equipment and vehicle	86,506	73,476
Professional fees	33,583	109,364
Insurance	54,878	56,750
Supplies	39,321	21,486
Medical	8,702	51,684
Staff development	11,095	9,105
Information services	22,897	21,894
Community based services	185,700	-
Fiscal agent services	-	67,471
Total operating disbursements	2,283,053	2,277,264
Excess of operating receipts over operating disbursements	760,586	149,662
Non-operating receipts (disbursements):		
Interest on investments	142	2,183
Construction of new facility	-	(368,257)
Bank loans and revenue note proceeds	1,100,000	800,000
Line of credit proceeds	783,000	-
Line of credit debt service	(293,522)	-
Debt service	(2,342,206)	(542,078)
Contract deposits paid to DHS	-	(100,000)
Contract deposits refunded by DHS	-	100,000
Net non-operating receipts (disbursements)	(752,586)	(108,152)
Net change in cash basis net assets	8,000	41,510
Cash basis net assets beginning of year	181,854	140,344
Cash basis net assets end of year	\$ 189,854	181,854

In fiscal year 2010, operating receipts increased \$616,713, or 25%, over fiscal year 2009. The increase was primarily a result of increased state reimbursements. In fiscal year 2010, operating disbursements increased \$5,789, or .3%, over fiscal year 2009. The increase in disbursements was due to additional services. Non-operating disbursements increased primarily due to retiring debt during the current fiscal year related to the construction activities. The Center is paying for the new facility with accumulated cash basis net assets and a loan.

## **LONG-TERM DEBT**

During the year ended June 30, 2010, the Center received bank loans and a line of credit totaling \$1,883,000. At June 30, 2010, there was no balance outstanding on the bank loans, the balance outstanding on the line of credit was \$499,500 and the balance outstanding on the revenue note issued in fiscal year 2008 was \$403,488.

## **ECONOMIC FACTORS**

The financial position of the Center did not improve in the current fiscal year as disbursements for debt service costs decreased the cash basis net assets. The current condition of the economy in the state continues to be a concern for Center officials. Some of the realities that may potentially become challenges for the Center to meet are:

- ◆ Facilities and equipment require constant maintenance and upkeep.
- ◆ The State of Iowa's DHS inequitable system of payment to regional detention facilities will continue to create fiscal challenges for the Center.

The Center anticipates the current fiscal year will be a year of service growth due to the increase in number of services and geographical areas.

## **CONTACTING THE CENTER'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, customers and creditors with a general overview of the Center's finances and to show its accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Central Iowa Juvenile Detention Center, 2317 Rick Collins Way, Eldora, Iowa 50627, phone (641) 858-3852 or e-mail [cijdc@cijdc.com](mailto:cijdc@cijdc.com).

**Central Iowa Juvenile Detention Center**

## **Financial Statement**

**Exhibit A**

## Central Iowa Juvenile Detention Center

Statement of Cash Receipts, Disbursements and Changes  
in Cash Basis Net Assets

As of and for the year ended June 30, 2010

Operating receipts:		
Detention care fees		\$ 225,428
Tracking service fees		704,249
State programs:		
Detention care	\$ 1,258,369	
School lunch	15,352	1,273,721
Transport service fees		213,208
Other community based fees		491,632
Miscellaneous		135,401
Total operating receipts		<u>3,043,639</u>
Operating disbursements:		
Salaries:		
Detention care	757,080	
Community based services	552,541	1,309,621
Employee benefits		
Detention care	226,613	
Community based services	100,602	327,215
Travel:		
Detention care	60,376	
Community based services	54,762	115,138
Resident meals		29,516
Building utilities		58,881
Equipment and vehicle		86,506
Professional fees		33,583
Insurance		54,878
Supplies		39,321
Medical		8,702
Staff development		11,095
Information services		22,897
Community based services		185,700
Total operating disbursements		<u>2,283,053</u>
Excess of operating receipts over operating disbursements		<u>760,586</u>
Non-operating receipts (disbursements):		
Interest on investments		142
Bank loan proceeds		1,100,000
Line of credit proceeds		783,000
Debt service:		
Principal	(2,588,603)	
Interest	(47,125)	(2,635,728)
Net non-operating receipts (disbursements)		<u>(752,586)</u>
Change in cash basis net assets		8,000
Cash basis net assets beginning of year		181,854
Cash basis net assets end of year		<u>\$ 189,854</u>
<b>Cash Basis Net Assets</b>		
Unrestricted		<u>\$ 189,854</u>
See notes to financial statement.		

# Central Iowa Juvenile Detention Center

## Notes to Financial Statement

June 30, 2010

### **(1) Summary of Significant Accounting Policies**

The Central Iowa Juvenile Detention Center was formed in 1993 pursuant to Chapter 28E of the Code of Iowa. The Center is a voluntary joint undertaking of the Boards of Supervisors of the counties of Boone, Buena Vista, Calhoun, Floyd, Franklin, Greene, Hamilton, Hancock, Hardin, Humboldt, Iowa, Jasper, Kossuth, Marshall, Palo Alto, Poweshiek, Story, Tama, Webster, Winnebago and Wright, Iowa. The primary purpose of this detention facility is to provide a physically secure, emotionally stable and safe environment in which juveniles can await court disposition.

#### **A. Reporting Entity**

For financial reporting purposes, the Central Iowa Juvenile Detention Center has included all funds, organizations, agencies, boards, commissions and authorities. The Center has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the Center are such that exclusion would cause the Center's financial statement to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the Center to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the Center. The Center has no component units which meet the Governmental Accounting Standards Board criteria.

#### **B. Basis of Presentation**

The accounts of the Center are organized as an Enterprise Fund. Enterprise Funds are utilized to finance and account for the acquisition, operation and maintenance of governmental facilities and services supported by user charges.

Enterprise Funds distinguish operating receipts and disbursements from non-operating items. Operating receipts and disbursements generally result from providing services and producing and delivering goods in connection with an Enterprise Fund's principal ongoing operations. All receipts and disbursements not meeting this definition are reported as non-operating receipts and disbursements.

#### **C. Basis of Accounting**

The Center maintains its financial records on the basis of cash receipts and disbursements and the financial statement of the Center is prepared on that basis. The cash basis of accounting does not give effect to accounts receivable, accounts payable and accrued items. Accordingly, the financial statement does not present the financial position and results of operations of the Center in accordance with U.S. generally accepted accounting principles.

## **(2) Cash and Investments**

The Center's deposits in banks at June 30, 2010 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The Center is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Center; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

The Center had no investments meeting the disclosure requirements of Governmental Accounting Standards Board Statement No. 3, as amended by Statement No. 40.

## **(3) Short-term and Long-term Liabilities**

A summary of changes in short-term and long-term liabilities and interest paid for the year ended June 30, 2010 is as follows:

	Bank Loans	Revenue Note	Line of Credit	Total
Balance beginning of year	\$ 500,000	1,108,591	-	1,608,591
Increases	1,100,000	-	783,000	1,883,000
Decreases	1,600,000	705,103	283,500	2,588,603
Balance end of year	\$ -	403,488	499,500	902,988
Due within one year	\$ -	219,950	499,500	719,450
Interest paid during the year	\$ 7,991	29,112	10,022	47,125

### Bank Loans

On April 27, 2009, the Center entered into a loan agreement with a local bank for \$500,000. The funds were used for construction costs and to pay off the loan taken out on December 11, 2008. The loan bears 5.50% interest per annum and interest is to be paid monthly. Current year interest paid was \$6,279.

On September 1, 2009, the Center entered into a loan agreement with a local bank for \$700,000. The funds were used to pay off the loan taken out on April 27, 2009 and operating expenses. The loan bears 5.50% interest per annum and was repaid on September 4, 2009. Current year interest paid was \$0.

On November 12, 2009, the Center entered into a loan agreement with a local bank for \$100,000. The funds were used for operating expenses. The loan bears 5.50% interest per annum and was repaid in one payment on February 1, 2010. Current year interest paid was \$642.

On December 18, 2009, the Center entered into a loan agreement with a local bank for \$100,000. The funds were used for operating expenses. The loan bears 5.50% interest per annum and was repaid in one payment on March 3, 2010. Current year interest paid was \$642.



On February 1, 2010, the Center entered into a loan agreement with a local bank for \$100,000. The funds were used to pay off the loan taken out on November 12, 2009. The loan bears 5.50% interest per annum and was repaid in one payment on March 29, 2010. Current year interest paid was \$214.

On February 1, 2010, the Center entered into a loan agreement with a local bank for \$100,000. The funds were used to pay off the loan taken out on December 18, 2009. The loan bears 5.50% interest per annum and was repaid in one payment on March 29, 2010. Current year interest paid was \$214.

#### Line of Credit

On March 12, 2010, the Board approved a business line of credit with a local bank for a maximum of \$500,000. The funds were used to pay off the two loans taken out on February 1, 2010 and for operating expenses. The line of credit bears 5.50% interest per annum. In fiscal year 2010, \$783,000 was drawn down on the loan and \$283,500 was repaid. Current year interest paid was \$10,022.

#### Revenue Note

A summary of the Center's revenue note indebtedness is as follows:

Year Ending June 30,	Interest Rates	Principal	Interest	Total
2011	4.69%	\$ 219,980	14,235	234,215
2012	4.69	183,508	3,831	187,339
Total		\$ 403,488	18,066	421,554

On April 1, 2008, the Center issued a revenue note for \$2,500,000. The funds were used for construction costs and to pay off the bank loan taken out on March 6, 2008. The revenue note bears 4.69% interest per annum and is to be repaid in monthly installments, including interest, beginning June 1, 2008. The revenue note is subject to prepayment in whole or in part in reverse order of maturity. During the year ended June 30, 2010, the Center prepaid maturities of \$520,342 due after June 30, 2012. Current year interest paid was \$29,112. The balance of the loan at June 30, 2010 was \$403,488.

The revenue note is secured by the future net revenues of the Center and by a mortgage on certain real estate, buildings and equipment located in Eldora, Iowa.

Annual principal and interest payments on the note are expected to require more than 96 percent of net receipts. For the current year, principal and interest paid and total net receipts were \$734,215 and \$760,586, respectively.

#### **(4) Other Postemployment Benefits (OPEB)**

Plan Description - The Center operates a single-employer retiree benefit plan which provides medical/prescription drug benefits for retirees and their spouses. There are 25 active and no retired members in the plan. Retired participants must be age 55 or older at retirement. The medical/prescription drug benefits are provided through a fully-insured plan with Wellmark. Retirees under age 65 would pay the same premium for the medical/prescription drug benefits as active employees.

Funding Policy - The contribution requirements of plan members are established and may be amended by the Center. The Center currently finances the retiree benefit plan on a pay-as-you-go basis. The most recent active member monthly premiums for the Center and plan members are \$353 for single coverage and \$889 for family coverage. The same monthly premiums would apply to retirees. For the year ended June 30, 2010, the Center contributed \$31,900 and plan members eligible for benefits contributed \$3,892 to the plan.

**(5) Pension and Retirement Benefits**

The Center contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by State statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa, 50306-9117.

Plan members are required to contribute 4.30% of their annual covered salary and the Center is required to contribute 6.65% of annual covered payroll. Contribution requirements are established by state statute. The Center's contributions to IPERS for the years ended June 30, 2010, 2009 and 2008 were \$82,270, \$75,336 and \$64,807, respectively, equal to the required contributions for each year.

**(6) Risk Management**

The Center is exposed to various risks of loss related to torts; theft, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The Center assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**(7) Compensated Absences**

Center employees accumulate an established amount of earned personal time off based on the number of years of service for subsequent use or for payment upon termination, resignation, retirement or death. These accumulations are not recognized as disbursements by the Center until used or paid. The Center's approximate liability to employees for earned personal time off at June 30, 2010 is \$114,000.

This liability has been computed based on rates of pay in effect at June 30, 2010.

**(8) Subsequent Event - Contingent Liabilities**

Amounts received by the Center are subject to audit and adjustment by the grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the Center. On October 19, 2010, the Iowa Department of Human Services (DHS) sent a letter requesting the Center return \$307,647.53 received in the current fiscal year and determined to be ineligible for reimbursement because both construction costs and debt service payments related to the construction costs were improperly claimed for reimbursement. The Center is working with DHS to resolve this issue. The amount, if any, of reimbursements which may be disallowed by grantor agencies can not be determined at this time.

**Central Iowa Juvenile Detention Center**

**Independent Auditor's Report on Internal Control  
over Financial Reporting and on Compliance and Other Matters  
Based on an Audit of a Financial Statement Performed in Accordance with  
Government Auditing Standards**



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Independent Auditor's Report on Internal Control  
over Financial Reporting and on Compliance and Other Matters  
Based on an Audit of a Financial Statement Performed in Accordance with  
Government Auditing Standards

To the Members of the Central Iowa  
Juvenile Detention Center:

We have audited the accompanying financial statement of the Central Iowa Juvenile Detention Center as of and for the year ended June 30, 2010, and have issued our report thereon dated May 9, 2011. Our report expressed an unqualified opinion on the financial statement which was prepared in conformity with an other comprehensive basis of accounting. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Central Iowa Juvenile Detention Center's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the Central Iowa Juvenile Detention Center's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Central Iowa Juvenile Detention Center's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the Central Iowa Juvenile Detention Center's financial statement will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance all deficiencies, significant deficiencies or material weaknesses have been identified. We did not identify any deficiencies in internal control over financial reporting we consider to be material weaknesses, as defined above.

Compliance and Other Matters

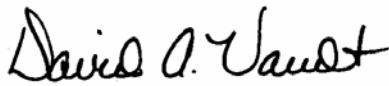
As part of obtaining reasonable assurance about whether the Central Iowa Juvenile Detention Center's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of non-compliance, described as item (A) in the accompanying Schedule of Findings, or other matters which are required to be reported under Government Auditing Standards.

Comments involving statutory and other legal matters about the Center's operations for the year ended June 30, 2010 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statement of the Center. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

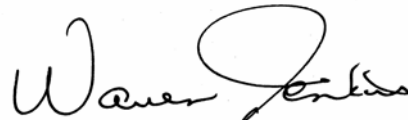
The Central Iowa Juvenile Detention Center's written response to the finding identified in our audit is described in the accompanying Schedule of Findings. While we have expressed our conclusion on the Center's response, we did not audit the Central Iowa Juvenile Detention Center's response and, accordingly, we express no opinion on it.

This report, a public record by law, is intended solely for the information and use of the members and customers of the Central Iowa Juvenile Detention Center and other parties to whom the Center may report and is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the Central Iowa Juvenile Detention Center during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.



DAVID A. VAUDT, CPA  
Auditor of State



WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

May 9, 2011

Central Iowa Juvenile Detention Center

Schedule of Findings

June 30, 2010

**Findings Related to the Financial Statement:**

**INTERNAL CONTROL DEFICIENCIES:**

No matters were noted.

**INSTANCE OF NON-COMPLIANCE:**

- (A) State Reimbursements – Pursuant to Chapter 232.142 of the Code of Iowa, multi-county juvenile detention centers receive financial aid from the State of Iowa of at least 10 percent, but not more than 50 percent, of the total cost of the establishment, improvement, operation and maintenance of the home in a manner approved by the Director of the Iowa Department of Human Services (DHS).

During the year ended June 30, 2010, the Central Iowa Juvenile Detention Center requested reimbursements from DHS through the State's Juvenile Detention Home Fund for costs for the year ended June 30, 2008 totaling \$7,668,385.99. During the DHS reimbursement request review process, \$292,514.82 in costs related to fiscal services, tracking, transportation and other activities were determined by DHS to be ineligible for reimbursement.

The Center subsequently removed the costs related to fiscal services, tracking, transportation and other activities from the total costs submitted to DHS for the year ended June 30, 2008, which will be used to compute the reimbursement for the year ended June 30, 2010.

In addition, as mentioned in Note 8 to the financial statements, DHS is seeking to recover \$307,647.53 received by the Center during the year ended June 30, 2010 because both construction costs and debt service payments were improperly claimed for reimbursement.

Recommendation – The Center should develop policies and procedures to ensure ineligible costs are excluded from future requests for reimbursement prior to being submitted to the Iowa Department of Human Services.

Response – This adjustment was made based on rule changes implemented by the Iowa Department of Human Services. These rules were implemented based on the premise that this would create a more equitable system of reimbursement for detention centers. This was not the case, this system has grown exponentially worse under the administration of DHS. During funding year fiscal year 2010, one detention center was paid \$23/day for each day they had a juvenile in detention while another center was paid \$239/day for the same service. DHS should change their rules and base this reimbursement on bed days as suggested by the Office of Auditor of State in a special review.

DHS is asking CIJDC to payback \$307,647.53 based on loan payments they approved on fiscal year 2008 expenses. DHS is basing this on a finding from the special review done by the Auditor of State. This special review was a random sampling of items, not a

## Central Iowa Juvenile Detention Center

### Schedule of Findings

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complete listing. The Auditor of State made several recommendations with this review. The Auditor of State did not recommend asking CIJDC for a repayment. This review listed many other examples of problems with this system. We hope DHS will ask for repayment for all of these other instances as well. The premise of DHS request for repayment was they have never allowed both approval of building projects and loans for these projects as well. This is incorrect, CIJDC has submitted documents to DHS showing this has been a common practice for many years. We do not feel the Auditor of State fully investigated this in their special review. In addition, they were given, and published, incorrect information from another center who would have been impacted by this. We hope the Auditor of State goes back and examines this issue along with the many other issues which make the DHS reimbursement system so inequitable for the people of Iowa.

Conclusion – Response acknowledged. Our review of the Juvenile Detention Home Fund (Juvenile Fund) was conducted to assess whether the program was being operated appropriately by DHS and whether DHS practices appeared to provide an equitable distribution of funds for the benefit of the juveniles being served and the Juvenile Detention Centers providing the service. The review was not conducted to examine and report on every transaction included in cost reports submitted to DHS by the Centers, nor does the report we issued on our review state or imply it was.

Our report on the Juvenile Fund provided findings and recommendations, based on the results of our review, which believe should be considered by DHS, the Centers and the General Assembly to increase control and improve results obtained through use of the Juvenile Fund.



Central Iowa Juvenile Detention Center

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**Other Findings Related to Required Statutory Reporting:**

- (1) Questionable Disbursements – No disbursements we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.
- (2) Travel Expense – No disbursements of Center money for travel expenses of spouses of Center officials or employees were noted.
- (3) Center Minutes – No transactions were found that we believe should have been approved in the Center minutes but were not.
- (4) Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the Center's investment policy were noted.
- (5) Revenue Note – No instances of non-compliance with the revenue note resolution were noted.

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Central Iowa Juvenile Detention Center

Staff

This audit was performed by:

James S. Cunningham, CPA, Manager  
Janet K. Mortvedt, CPA, Staff Auditor  
Nicole Williams, Assistant Auditor

A handwritten signature in black ink, reading "Andrew E. Nielsen". The signature is written in a cursive style with a large initial "A" and "N".

Andrew E. Nielsen, CPA  
Deputy Auditor of State